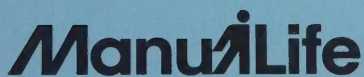


Consolidated Financial Statements



The Manufacturers Life Insurance Company
and Subsidiary Companies

89th Annual Report 1975

Presented at the Annual Meeting of the Company on
Thursday, February 19, 1976, Toronto, Canada

The Eighty-ninth Annual Report

The Directors have pleasure in presenting their 89th Annual Report together with the Consolidated Financial Statements for the year ended December 31, 1975, and the Report thereon received from the Auditors. The accounts of the subsidiary companies have been consolidated into these Statements.

LIFE INSURANCE

The total new business issued for 1975 achieved a new record of \$2,271,358,000, being an increase of \$501,911,000 over 1974. The 1975 total consisted of \$1,924,172,000 in individual life insurance policies, being an increase of \$346,213,000 over 1974, and \$347,186,000 in group life, being an increase of \$155,698,000 over 1974.

The business in force increased by \$1,177,703,000 to a total of \$13,625,601,000.

ANNUITIES

Individual annuity contracts in force at the end of 1975 will provide for annual payments to annuitants of \$113,899,000. Contracts issued in 1975 amounted to \$26,500,000. Group annuities in force provide for an additional \$96,305,000 to be paid annually to annuitants under group contracts. Contracts issued in 1975 amounted to \$2,581,000.

SEGREGATED FUNDS

The total invested in segregated funds is \$222,453,000. This represents an increase of \$69,127,000 over 1974, reflecting new deposits received and improved market conditions over last year.

REVENUE

Total revenue for the year was \$694,798,000. Insurance and annuity premiums amounted to \$387,004,000, segregated funds' deposits amounted to \$50,870,000 and net investment income to \$200,357,000.

PAYMENTS UNDER POLICY CONTRACTS

Payments under existing, matured and surrendered policies were \$181,361,000, including \$33,678,000 in dividends to participating policyholders and \$63,664,000 in annuity payments. Death benefits amounted to \$61,253,000. The rate of mortality was slightly higher than normal.

ASSETS

The assets of the Company and its subsidiary companies amounted to \$3,083,250,000, an increase of \$327,378,000 over 1974. The net rate of interest earned was 7.17 %, an increase from 6.99 % in 1974.

RESERVES, LIABILITIES AND SURPLUS

Insurance and annuity reserves amount to \$2,342,649,000 and the provision for dividends to policyholders to \$37,207,000. The Reserve for Investments and Other Contingencies has been increased by \$37,404,000 to \$72,404,000. This follows the decision to carry bonds not in default in the accounts at the lower of cost or par value and stocks at cost. The increase

in surplus was \$595,000 and the surplus now amounts to \$154,595,000.

During the year, Mr. W.S. Robertson, President of Maritime Telegraph & Telephone Company, and Dr. A.J.R. Smith, President of The Conference Board in Canada, were appointed to the Board of Directors.

The favourable results achieved during the past year in the face of continuing adverse economic conditions throughout the world would not have been possible without the dedicated effort of the Company's entire organization — in the field, in our Branches, and in Head Office. To all of them, the Directors offer their warm appreciation.

All of which is respectfully submitted.



A.T. Seedhouse
Chairman of the Board



E.S. Jackson
President

Toronto, Canada
February 2, 1976.

Highlights of the Last 10 Years (000's omitted)

	1975	1974	1973	1972
New Business Issued	\$ 2,271,358	\$ 1,769,447	\$1,531,232	\$ 1,613,621
Business in Force	13,625,601	12,447,898	11,691,022	10,627,492
Assets	3,083,250	2,755,872	2,597,482	2,348,211
Revenue	694,798	566,135	531,635	480,061
Payments to Policyholders and Beneficiaries	249,216	227,614	200,332	170,511
Provision for Dividends to Policyholders	37,207	34,963	33,399	30,011
Reserve for Investments and Other Contingencies	72,404	35,000	27,500	27,511
Surplus	154,595	154,000	153,425	147,111
Net Interest Rate	7.17%	6.99%	6.53%	6.34%

NOTE:

Certain 1974 figures have been reclassified to conform to 1975 presentation.

Assets December 31, 1975 (000's omitted)

By Category and By Currency in Can. \$ Equivalents

CURRENCY:			CANADIAN \$		U.S. \$		£ STERLING	
Category	Amount	% by Category	Amount	% by Category	Amount	% by Category		
Bonds and Preferred								
Stocks.....	547,577	34.0	472,727	39.9	86,271	42.8		
Mortgages	415,732	25.9	288,497	24.3	15,863	7.9		
Real Estate	264,417	16.4	109,390	9.2	35,265	17.5		
*Equities	82,263	5.1	151,109	12.7	24,691	12.3		
Other Assets	299,748	18.6	164,501	13.9	39,358	19.5		
	<u>1,609,737</u>	<u>100.0</u>	<u>1,186,224</u>	<u>100.0</u>	<u>201,448</u>	<u>100.0</u>		
% By Currency	<u>52.2</u>		<u>38.5</u>		<u>6.5</u>			

* Common Stocks and other securities convertible into Common Stocks

1971	1970	1969	1968	1967	1966
\$ 1,357,672	\$1,266,500	\$1,152,323	\$1,055,829	\$1,021,310	\$1,012,408
10,066,066	9,258,679	8,470,226	7,776,460	7,080,210	6,387,225
2,184,474	2,036,223	1,912,507	1,834,934	1,725,862	1,609,478
395,572	350,495	329,190	311,530	288,510	270,310
165,948	158,962	153,762	138,262	127,817	112,077
29,710	25,608	23,561	21,766	18,494	17,039
27,500	27,500	27,500	27,500	25,000	25,000
139,838	136,232	125,730	124,124	112,820	102,178
6.42 %	6.40 %	6.21 %	6.21 %	6.08 %	5.96 %

OTHER		TOTAL	
Amount	% by Category	Amount	% by Category
8,456	33.1	1,135,031	36.8
7,341	8.6	727,433	23.6
1,062	1.2	410,134	13.3
2,894	26.7	280,957	9.1
6,088	30.4	529,695	17.2
5,841	100.0	3,083,250	100.0
2.8		100.0	

Consolidated Balance Sheet

as at December 31, 1975

ASSETS	1975	1974
GOVERNMENT BONDS (Note 2)	\$ 284,985,000	\$ 225,280,000
CORPORATE BONDS (Note 2)	857,040,000	783,993,000
PREFERRED STOCKS (Note 2)	39,055,000	35,764,000
COMMON STOCKS (Note 2)	234,908,000	191,499,000
MORTGAGES	727,433,000	667,175,000
REAL ESTATE HELD FOR INVESTMENT	385,910,000	382,411,000
OFFICE PREMISES	24,224,000	23,855,000
LOANS ON POLICIES	4101 202,682,000	188,465,000
Loans made to policyholders on the security of their policies in accordance with the provisions of their policy contracts		
SEGREGATED FUNDS' INVESTMENTS	222,453,000	153,326,000
At market values		
INVESTMENT INCOME ACCRUED	38,459,000	33,039,000
OUTSTANDING PREMIUMS	17,324,000	14,881,000
CASH AND SHORT-TERM INVESTMENTS	42,223,000	41,485,000
OTHER	<u>6,554,000</u>	<u>14,699,000</u>
	<u><u>\$ 3,083,250,000</u></u>	<u><u>\$ 2,755,872,000</u></u>

A.T. Seedhouse
Chairman of the Board

E.S. Jackson
President

LIABILITIES	1975	1974
INSURANCE AND ANNUITY RESERVES	\$2,342,649,000	\$2,138,463,000
Actuarial liabilities in respect to insurance and annuity contracts		
POLICY BENEFITS IN COURSE OF PAYMENT AND PROVISION FOR UNREPORTED CLAIMS	21,490,000	18,703,000
AMOUNTS ON DEPOSIT	133,564,000	124,539,000
Policy proceeds, dividends and other amounts left on deposit by policyholders and beneficiaries and accrued interest thereon		
PROVISION FOR DIVIDENDS TO POLICYHOLDERS	37,207,000	34,963,000
Policyholders' dividends to be paid during 1976		
OTHER LIABILITIES TO POLICYHOLDERS	4,154,000	6,403,000
Miscellaneous credits to policyholders' accounts		
COMPANY RETIREMENT PLANS (Note 4)	55,912,000	63,793,000
Amounts held for pensions and disability benefits to employees and agents not held elsewhere		
MISCELLANEOUS LIABILITIES	39,896,000	27,595,000
Amounts received but not yet allocated, accrued taxes and expenses, mortgagors' tax prepayments, etc.		
SEGREGATED FUNDS' LIABILITIES	221,379,000	152,413,000
RESERVE FOR INVESTMENTS AND OTHER CONTINGENCIES (Note 2)	72,404,000	35,000,000
SURPLUS (including surplus invested in Segregated Funds of \$1,074,000, 1975; \$913,000, 1974) (Note 5) ..	154,595,000	154,000,000
	<u>\$3,083,250,000</u>	<u>\$2,755,872,000</u>

See Notes to Consolidated Financial Statements.

Consolidated Revenue Account

for the year ended December 31, 1975

REVENUE	1975	1974
Insurance and Annuity Premiums	\$387,004,000	\$333,573,000
Amounts Received for Segregated Investment Funds	50,870,000	44,570,000
Investment Income less Investment Expenses	200,357,000	180,157,000
Adjustment in Asset Values in excess of Net Results of Investment Transactions (Note 2)	37,387,000	—
Net Realized and Unrealized Capital Gains on Segregated Funds' Investments	14,370,000	—
Other	4,810,000	7,835,000
	<u>\$694,798,000</u>	<u>\$566,135,000</u>
DISPOSITION OF REVENUE		
For Policyholders and Beneficiaries:		
Death Benefits	\$ 61,253,000	\$ 55,011,000
Matured Policies and Surrender Values	83,250,000	80,516,000
Annuity Payments	63,664,000	55,164,000
Disability Benefits	769,000	592,000
Dividends	33,678,000	31,252,000
Additions to Policy Funds to provide for future payments to Policyholders and Beneficiaries (Note 3)	216,845,000	137,095,000
Increase in Segregated Funds' Liabilities	66,824,000	10,934,000
Interest Credited to Amounts on Deposit	8,121,000	6,567,000
Payments under Settlement Annuities and Other Disbursements	6,602,000	5,079,000
	<u>\$541,006,000</u>	<u>\$382,210,000</u>
Commissions	32,442,000	28,742,000
Operating Expenses	61,743,000	54,281,000
Taxes	17,759,000	15,996,000
Interest Credited to Company Retirement Plans	2,849,000	3,170,000
Contributions to Company Pension Plans related to past service	1,000,000	1,020,000
Net Results of Investment Transactions and Adjustment in Asset Values	—	35,730,000
Net Realized and Unrealized Capital Losses on Segregated Funds' Investments	—	36,911,000
Increase in Reserve for Investments and Other Contingencies (Note 2)	37,404,000	7,500,000
Increase in Surplus	595,000	575,000
	<u>\$694,798,000</u>	<u>\$566,135,000</u>

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

December 31, 1975

1. In 1974 the Company adopted the policy of consolidating the accounts of its subsidiary companies, all of which are at least 99 % owned, in its financial statements. Subsidiary companies at December 31, 1975 are as follows:

<u>Name</u>	<u>Nature of Business</u>
ManuLife Holdings (Quebec) Ltd.	Property Investments
ManEquity Management Co.	Investment Management Company (United States)
ManuLife Service Corp.	Pension Consulting Service (United States)
Island Life Insurance Company Ltd.	Life Insurance (Jamaica)
The Manufacturers Life Insurance Company (U.K.) Limited	Equity-Linked Life Insurance
ManuLife Management Ltd.	Unit Trust Management Company (United Kingdom)
ManuLife Computer Corporation	Computer Service Company (Canada)

2. Bonds not in default are carried in the accounts at the lower of cost or par value; stocks are carried at cost. Previously bonds and stocks were carried in the accounts at cost or less. The effect of the change in basis of valuing bonds and stocks was to increase their carrying value in the accounts by \$37,404,000 as follows:

Government bonds	\$ 2,787,000
Corporate bonds	18,965,000
Preferred stocks	7,254,000
Common stocks	<u>8,398,000</u>
	<u>\$37,404,000</u>

The Reserve for Investments and Other Contingencies was increased by the same amount.

After deducting the Reserve for Investments and Other Contingencies, the total value permitted by Canadian insurance law as at December 31, 1975 is in excess of these carrying values.

3. Additions to Policy Funds for 1975 are lower by \$6,500,000 (\$35,000,000, 1974) as a result of releasing certain unallocated insurance and annuity reserves set aside in prior years.
4. Amounts held for pensions and disability benefits to employees and agents together with the accumulation of employee and agent contributions are included in the Consolidated Balance Sheet under the following headings for the amounts shown:

	1975	1974
Insurance and Annuity Reserves	\$14,274,000	\$ 3,125,000
Company Retirement Plans	55,912,000	63,793,000
Segregated Funds' Liabilities	<u>127,000</u>	<u>98,000</u>
	<u>\$70,313,000</u>	<u>\$67,016,000</u>

5. Sterling currency items are translated into Canadian Dollars at \$2.34 (\$2.45, 1974) and United States Dollar items are translated at \$1.00. If rates of exchange for converting foreign currencies at December 31, 1975 had been used the surplus as shown would have been increased.
6. Certain 1974 figures have been reclassified to conform to 1975 presentation.

Auditors' Report to the directors and the policyholders

We have examined the consolidated balance sheet of The Manufacturers Life Insurance Company and subsidiary companies as at December 31, 1975 and the consolidated revenue account for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; insurance and annuity reserves and other actuarial liabilities were determined and certified by the Company's Vice President and Chief Actuary.

In our opinion, based on our examination and the certificate of the Company's Vice President and Chief Actuary, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations for the year then ended in accordance with accounting practices prescribed or permitted by the Department of Insurance of Canada.



Toronto, Canada
January 30, 1976.

Chartered Accountants

Actuary's Certificate to the directors and the policyholders

The insurance and annuity reserves and other actuarial liabilities are in excess of those required under the provisions of the Canadian and British Insurance Companies Act and, in my opinion, make good and sufficient provision for all obligations of the Company and its subsidiary companies guaranteed under the terms of their contracts.



Toronto, Canada
January 30, 1976.

R.B. Leckie, F.S.A., F.C.I.A.
Vice President and Chief Actuary

New Life Insurance 1975 (000's omitted)

	Individual	Group	Total
United States	\$1,016,703	\$ 103,623	\$ 1,120,326
Canada	553,559	231,367	784,926
United Kingdom	181,298	13	181,311
West Indies	86,666	1,892	88,558
Hong Kong	41,973	9,871	51,844
Philippines	29,535	420	29,955
Other	14,438	0	14,438
TOTAL	<u>\$1,924,172</u>	<u>\$ 347,186</u>	<u>\$ 2,271,358</u>

Insurance in Force December 31, 1975 (000's omitted)

United States	\$4,696,818	\$2,140,426	\$ 6,837,244
Canada	3,099,827	1,753,746	4,853,573
United Kingdom	962,763	3,688	966,451
West Indies	393,510	25,601	419,111
Hong Kong	171,301	68,915	240,216
Philippines	85,156	4,301	89,457
Other	214,794	4,755	219,549
TOTAL	<u>\$9,624,169</u>	<u>\$4,001,432</u>	<u>\$13,625,601</u>

New Annuities 1975 (000's omitted)

For the amount of annual income guaranteed, either immediate or deferred.

Canada	\$ 19,241	\$ 1,934	\$ 21,175
United States	5,390	597	5,987
United Kingdom	1,846	0	1,846
Other	23	50	73
TOTAL	<u>\$ 26,500</u>	<u>\$ 2,581</u>	<u>\$ 29,081</u>

Annuities in Force December 31, 1975 (000's omitted)

For the amount of annual income guaranteed, either immediate or deferred.

Canada	\$ 63,445	\$ 64,909	\$ 128,354
United States	42,360	27,575	69,935
United Kingdom	6,920	761	7,681
Other	1,174	3,060	4,234
TOTAL	<u>\$ 113,899</u>	<u>\$ 96,305</u>	<u>\$ 210,204</u>

Schedule of Segregated Funds' Investments

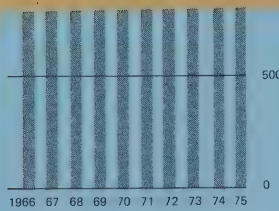
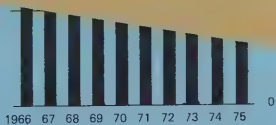
at market values as at December 31, 1975 (000's omitted)

	1975	1974
Government Bonds	\$21,306	\$ 19,365
Corporate Bonds	67,656	45,233
Preferred Stocks	1,567	4,048
Common Stocks	120,278	60,793
Mortgages	3,403	1,181
Investment Income Accrued	1,831	1,339
Cash and Short-Term Investments	6,137	20,787
Other Assets	<u>275</u>	<u>580</u>
	<u>\$222,453</u>	<u>\$153,326</u>

INSURANCE
NEW BUSINESS
millions of

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Premium income of Manulife in 1975 from its insurance and annuity sales increased to \$387-million from \$333.6-million in 1974. Investment income rose to \$200.4-million from \$180.2-million. Total revenue was up to \$694.8-million from \$566.1-million.

~~xManulife~~ Total sales increased by 28 per cent to \$2.27-billion, with individual insurance sales up 22 per cent and group insurance up 81 per cent.

Payments to policyholders and beneficiaries in 1975 was up to \$541-million, compared with \$332.2-million the previous year. Operating expenses increased to \$61.7-million from \$54.3-million.

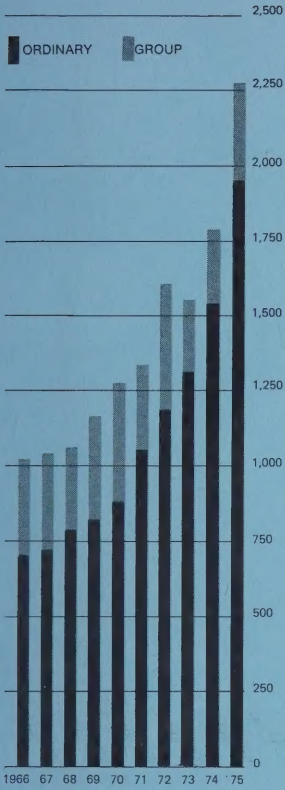
Business in force at Dec. 31 was \$13.6-billion, compared with ~~\$12.4-billion~~ ^{\$12.4-billion} at the end of 1974. Assets at year-end were \$3.1-billion, up from \$2.8-billion. Net interest rate earned rose to 7.17 per cent from 6.99 per cent.

Schedule of Segregated Funds' Investments

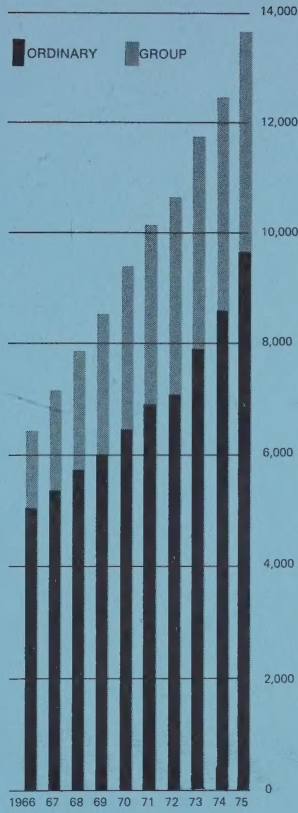
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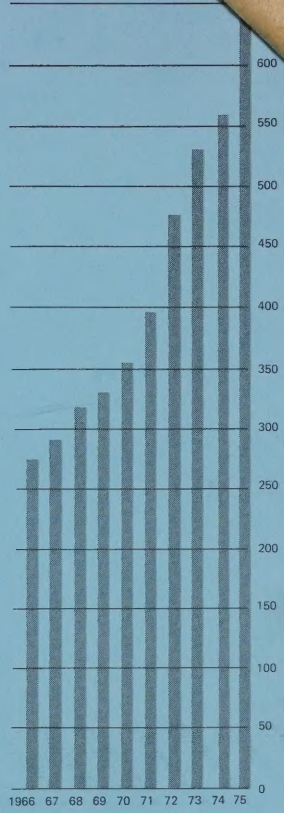
**INSURANCE
NEW BUSINESS**
millions of dollars



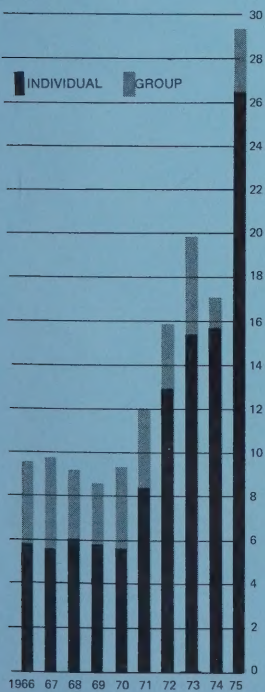
**INSURANCE
BUSINESS IN FORCE**
millions of dollars



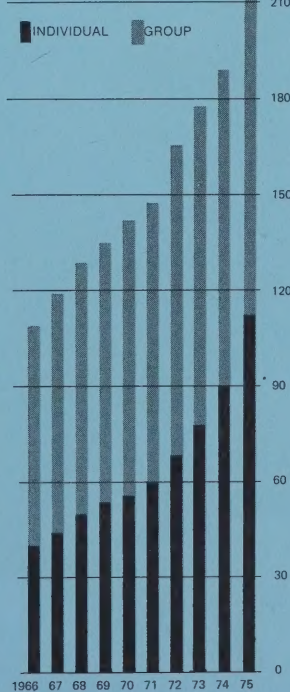
REVENUE
millions of dollars



**ANNUITIES
NEW BUSINESS**
millions of dollars



**ANNUITIES
IN FORCE**
millions of dollars



ASSETS
millions of dollars

